

## Fact Sheet

<b>Investment objective</b>	A dividend yield (before fees) which is higher than the S&P/ASX300 A-REIT Accumulation Index and a total return in excess of the CPI + 3% over rolling five year periods (before fees).		
<b>Investments held</b>	<p>The Fund primarily invests in A-REITs and may also invest in real estate management, development and infrastructure securities. An A-REIT is a collective investment vehicle, which owns a portfolio of real property, thus providing for a wider form of ownership. A-REITs are listed on the ASX, and their prices fluctuate with supply and demand, as with equity instruments. As a rule A-REITs derive the bulk of their income from rental property income.</p> <p>The Fund generally seeks to invest in A-REITs that exhibit an above average proportion of their income sourced from rents rather than more volatile income streams such as third party construction or development. As a result of this strategy, the Fund's investment portfolio has very different weights to that of the S&amp;P/ASX300 A-REIT Index.</p> <p>The S&amp;P/ASX300 A-REIT Index has changed so much that there is now a significant concentration of the largest stocks in this index. The Investment Manager believes that the investment strategy for the Fund is likely to provide superior portfolio diversification (by setting a maximum portfolio weight for any individual security in the portfolio at 15%), and the potential for a higher income yield than the S&amp;P/ASX300 A-REIT Index.</p>		
<b>Investment Manager</b>	SG Hiscock & Company		
<b>APIR</b>	ETL0119AU	<b>mFund Product Code</b>	SHF03
<b>Commencement</b>	30 November 2005	<b>Buy spread</b>	+0.25%
<b>Management costs<sup>1</sup></b>	0.95% p.a.	<b>Sell spread</b>	-0.25%
<b>Minimum initial investment</b>	\$20,000	<b>Investment pool size</b>	\$292.37 million

Unit Prices	Application	Net Asset Value	Withdrawal
31 January 2018	\$ 0.3438	\$ 0.3429	\$ 0.3420

Performance as at 31 January 2018 <sup>2</sup>	1 mth %	3 mths %	6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	7 yrs % p.a.
Distribution Return	0.00	1.18	1.85	17.87	14.64	12.75	11.13
Growth Return	-3.80	1.03	4.75	-10.75	-6.86	-0.89	2.73
Total Net Return	-3.80	2.21	6.60	7.12	7.78	11.86	13.86
CPI + 3% pa	0.41	1.21	2.45	4.95	4.70	5.10	5.28
S&P/ASX 300 A-REIT Accum. Index	-3.25	2.00	6.47	8.08	7.46	11.67	12.74

Top 5 holdings as at 31 January 2018
Westfield Corporation
Scentre Group
Vicinity Centres
Stockland Property Trust
Charter Hall Retail REIT

Top 5 holdings represent 65.30% of the total Fund.

Asset Allocation as at 31 January 2018	
Australian REITS	96.78
Cash	3.22

Distribution Period	Cents per Unit
31-Dec-16	0.4447
31-Mar-17	0.2526
30-Jun-17	5.6641
30-Sep-17	0.1996
31-Dec-17	0.4160



1. Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").

2. Performance: Distribution Return is the return due to distributions paid by the Fund, Growth Return is the return due to changes in initial capital value of the Fund, Total Net Return is the Fund return after the deduction of ongoing fees and expenses and assumes the reinvestment of all distributions.

## Fact Sheet

### Commentary

The **S&P/ASX 300 Property Accumulation Index** fell 3.3% in January, as the rising Bond Yields globally had a material negative impact on the more defensive sectors. The AREITs underperformed the broader market (S&P/ASX 300 Accumulation Index) which fell 0.4%. Global REITs were down 1.3%.

### Domestic Economic Data

The Australian Dollar broke through the US\$0.80 level in January, finishing-up at US\$0.8058, a 2.5 cents appreciation. Commodities in general were up, with Iron Ore adding a further 4.8% in January. Consequently, the 10-Year Bond Yield rose nearly 20 bps for the month to 2.81%. Inflation was lower than forecast, reducing the likelihood of a lift in Official Interest Rates. This is despite the continued strength in the Official Employment statistics, even though the Unemployment Rate rose, given the rise in the Participation Rate.

Retail Sales continued to surpass expectations. The Christmas period was also expected to have delivered outperformance. The strength was attributed by many to Black Friday Sales and the release of the latest iteration of the iPhone. The PMI rose materially to start the year, as Australia recorded a Trade Deficit worse than expected. Business Conditions improved further from already elevated levels.

### Overseas Economic Data

Just what impact the **US** Government shutdown will have on the economy remains to be seen. The 10-Year Bond Yield jumped over 30 bps to 2.71%, as the market extrapolates the Inflationary impact from an increased supply in Government Debt in the markets (to fund the Tax Cuts announced in late-2017) in due course. All this whilst The Fed intends to continue to tighten further in 2018, along with reports that China plans to stop purchasing US Treasuries. The US Dollar was subsequently weaker against most of the major currencies once more.

The current Core Inflation reading is 1.5%, with The Fed expecting it to reach its 2% target over the medium-term. The PMI's remain strong and elevated, as economic activity across the board picked-up, except for a softer Retail Sales reading (but slightly off its cyclical highs). Home Sales took a breather but pricing continues to rise. The Unemployment Rate continues to consolidate at its lowest level since 2000 at 4.1%. The Real GDP was softer than forecast, coming in at 2.6% (annualised).

The ECB once more articulated its expectations of a continuation of the present Interest Rate settings in **Europe**, as the PMIs rose stronger than forecast, surpassing pre-GFC highs but Industrial Production was softer across the continent (ex-Germany). The Core CPI improved to over 1% but is not providing the ECB with any pressure to act, as its focus is now on the strengthening Euro. The Unemployment Rate continues to consolidate at sub-9%. In the **UK**, GDP is accelerating, better than forecast, as concerns continue to grow on the negative impacts that are forecast to arise economically from the BREXIT negotiations. Despite this, the Pound rose.

In **Japan**, the BOJ articulated that it will purchase less Long-Dated Bonds going forward, leading to speculation of the beginning of the tapering program. The 10-Year Bond Yield consolidated its position, barely remaining above zero. Still the Core CPI remains well-below 1%, making tapering less likely at present, as general economic activity and Leading Indicators point to further improvements. The Unemployment Rate at 2.8% indicates full-employment. The Housing sector overall was softer but the Tokyo Office market Vacancy Rate dropped to a 12-month low of 3.1%.

The PMI data in **China** continues to consolidate its position in the expansionary zone. GDP was stronger than expected at 6.8%, as the Leading Indicator points to further strength. This despite the financial curbs being implemented by the Government. Subsequently, the Housing market has flat-lined. The Core CPI is higher than the headline figure, which remains below 2%.

### For more information visit [www.sghiscock.com.au](http://www.sghiscock.com.au)

Equity Trustees Limited (ABN 46 004 031 298, AFSL 240975), a subsidiary of EQT Holdings Limited (ABN 22 607 797 615) a publicly listed company on the Australian Securities Exchange (ASX:EQT), is the Responsible Entity of the Fund. SG Hiscock & Company (ABN 51 097 263 628 AFSL 240679) is the Investment Manager of the Fund and has prepared this document for general information purposes only. It does not contain investment recommendations nor provide investment advice. Neither Equity Trustees Limited nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in the Fund. Past performance is not necessarily indicative of future performance. Professional investment advice can help you determine your tolerance to risk as well as your need to attain a particular return on your investment. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. You should not act in reliance on the information contained in this document. We strongly encourage you to obtain detailed professional advice and to read the relevant product disclosure statement (PDS) in full before making an investment decision. Equity Trustees Limited does not express any view about the accuracy or completeness of information that is not prepared by Equity Trustees Limited and no liability is accepted for any errors it may contain. Investors can acquire units by completing the application form accompanying a current PDS or, where available by making an application through the mFund settlement service (mFund) by placing a buy order for units with your licensed broker. A current PDS can be obtained by contacting SG Hiscock & Company Limited on 1300 555 511.



31 January 2018

SG HISCOCK & COMPANY

## Fact Sheet

In the **Emerging Markets**, data was mixed but the respective equities markets outperformed globally, as the fall in the US Dollar assists their Debt, Exports and Foreign Investments. Emerging Markets have been a clear beneficiary in the present environment.

For Financial Adviser use only;

\*The Professional Planner / Zenith Fund Awards are determined using proprietary methodologies. Fund Awards were issued October 10, 2014 and are solely statements of opinion and do not represent recommendations to purchase, hold, or sell any securities or make any other investment decisions. Ratings are subject to change.

**For more information visit [www.sghiscock.com.au](http://www.sghiscock.com.au)**

Equity Trustees Limited (ABN 46 004 031 298, AFSL 240975), a subsidiary of EQT Holdings Limited (ABN 22 607 797 615) a publicly listed company on the Australian Securities Exchange (ASX:EQT), is the Responsible Entity of the Fund. SG Hiscock & Company (ABN 51 097 263 628 AFSL 240679) is the Investment Manager of the Fund and has prepared this document for general information purposes only. It does not contain investment recommendations nor provide investment advice. Neither Equity Trustees Limited nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in the Fund. Past performance is not necessarily indicative of future performance. Professional investment advice can help you determine your tolerance to risk as well as your need to attain a particular return on your investment. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. You should not act in reliance on the information contained in this document. We strongly encourage you to obtain detailed professional advice and to read the relevant product disclosure statement (PDS) in full before making an investment decision. Equity Trustees Limited does not express any view about the accuracy or completeness of information that is not prepared by Equity Trustees Limited and no liability is accepted for any errors it may contain. Investors can acquire units by completing the application form accompanying a current PDS or, where available by making an application through the mFund settlement service (mFund) by placing a buy order for units with your licensed broker. A current PDS can be obtained by contacting SG Hiscock & Company Limited on 1300 555 511.